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C O N F I D E N T I A L KATHMANDU 000409

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TAGS: PREL PGOV IN NP

SUBJECT: FOREIGN MINISTER PANDEY SEEKS GUIDANCE ON WAY FORWARD

REF: A. KATHMANDU 373

B. KATHMANDU 392

Classified By: Ambassador James F. Moriarty, reasons 1.4 (b/d)

SUMMARY

¶1. (C) In a February 10 meeting with the Ambassador, Foreign Minister Ramesh Nath Pandey lamented that the USG press statement on February 8th elections showed a "misunderstanding in Washington of the ground realities" in Nepal. He again stressed his desire for a strategic relationship with the United States and sought the Ambassador's advice on solving the current political impasse in Nepal. The Ambassador suggested the King needed to release political detainees and then publicly reach out to the Parties to restore democracy in Nepal. Pandey buttressed his argument about the need for closer bilateral relations with the U.S. by citing concern over China's military might and complaints about past assistance India gave the Maoists. End Summary.

PANDEY: U.S. PRESS STATEMENT ON ELECTIONS UNFAIR

¶2. (C) In a February 10 meeting with the Ambassador, Foreign Minister Pandey complained that the press statement issued in Washington on February 8 about the municipal elections convinced him that Washington had no understanding of the ground realities in Nepal and was causing him trouble (ref A). He defended the municipal polls by saying that a 20 percent voter turnout was strong given the Maoist violence and strike. The Ambassador explained that the statement reflected general growing concern in Washington over whether the USG should even remain actively engaged in Nepal. The Ambassador added that many officials in Washington believed Nepal was not a core interest of the USG, and Nepal's failure to respond to USG concerns had increased our displeasure with Nepal. The Ambassador added that he personally believed a Maoist takeover of the country would lead to disastrous consequences that would cause great harm to U.S. interests.

PANDEY ASKS FOR SPECIFIC ADVICE ON POLITICAL SOLUTION

¶13. (C) Pandey stressed once again his desire to forge a strategic relationship with the United States and to resolve the political impasse facing his country. The Ambassador suggested the King should release all political detainees and publicly reach out to the Parties to agree on a plan for restoring democracy; it would be difficult to forge closer relations without progress in this regard. The Ambassador also stressed the importance of Nepal developing a comprehensive counter-terrorism strategy, something lacking even after ten years of a Maoist insurgency. Pandey noted that he would convey to the King the idea to release all political prisoners and to reach out to the Parties. Pandey added that the King's annual democracy day address to the nation, on February 19, would be an appropriate opportunity for the King to make a public gesture to the Parties.

KOIRALA KEY IN RECONCILIATION

¶14. (C) Pandey explained the importance of Nepali Congress leader G.P. Koirala in the reconciliation process and opined that the King would be open to reaching out to the Parties if he could be assured Koirala would not become Prime Minister, but would choose a successor to run his Party. Pandey requested the Ambassador ask Koirala to meet with him. The Ambassador noted that he was seeking a meeting with Koirala the week of February 13 and would convey Pandey's request.

CONCERN ABOUT CHINA'S FUTURE INTENTIONS

¶15. (C) Pandey expressed concern about China's future relations with Nepal and within the region. He noted Chinese

pressure to open new consulates in Nepal and feared the Chinese military's unchecked growth. Pandey explained how the Government of India (GOI) had wanted a consulate on the border and Nepal gave permission for one to open in Birgunj. The Foreign Minister subsequently said that the Chinese had been pressuring him to open consulates in Biratnagar and Birgunj. Pandey worried about the GOI reaction if he allowed the Chinese to do so. On China's military might, Pandey referenced the U.S. Quadrennial Defense Review that stated China's military equipment and manpower far exceed what was needed for defense purposes only. He indicated that China's expansion of its road network close to the line of control with India was a sign of potential future Chinese aggression.

Pandey quoted a source who said, "You know China today, but you do not know the China of tomorrow." The Ambassador agreed that China's military was excessively large and stressed that the global management of the rise of China was one of the largest challenges facing the international community. He said the goal should be to manage China's transition from a dissatisfied world power to one that would actively participate in international affairs according to widely accepted international norms.

INDIA'S CURRENT VIEW ON NEPAL

¶16. (C) Pandey complained about India's short-sightedness in its dealings with the Maoists. The Foreign Minister was perplexed that India had given the Maoists certain protections and support when India itself had a domestic problem with leftist rebels. The Ambassador explained that India was worried about the increase in Maoist violence, but felt it had few options to put pressure on the King (ref B). He noted that India hoped the King would compromise with the Parties and that the Parties would back away from the 12-point understanding before they became compromised by the Maoists.

COMMENT

¶17. (C) Pandey continues to seek a closer relationship with

the U.S., but has yet to deliver on his promises that he could move the Palace toward reconciliation. While he seemed genuinely hopeful of getting the King to make a public gesture to the Parties on February 19, it remains to be seen if his hope will result in any meaningful action.

MORIARTY